

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-06 Medicare Financial Management</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 104</b>	<b>Date: AUGUST 11, 2006</b>
	<b>Change Request 5226</b>

**SUBJECT: Updated Procedures for AC Communication with RAC**

**I. SUMMARY OF CHANGES:** This transmittal updates the communication process between the RACs and the ACs and requires the completion of a Joint Operating Agreement between the RAC and AC.

**NEW/REVISED MATERIAL**

**EFFECTIVE DATE: September 11, 2006**

**IMPLEMENTATION DATE: September 11, 2006**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

R/N/D	Chapter / Section / Subsection / Title
R	4/100/100.2/AC/PSC Communication with the RACs

**III. FUNDING:**

**Funding for implementation activities will be provided to contractors through the regular budget process.**

**IV. ATTACHMENTS:**

**Business Requirements**

**Manual Instruction**

*\*Unless otherwise specified, the effective date is the date of service.*

# Attachment - Business Requirements

Pub. 100-06	Transmittal: 104	Date: August 11, 2006	Change Request 5226
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**SUBJECT: Updated Procedures for AC Communication with RAC**

## I. GENERAL INFORMATION

Section 306 of the Medicare Modernization Act (MMA) entitled “Demonstration Project for Use of Recovery Audit Contractors” requires the Secretary to conduct a demonstration project to identify Medicare underpayments and overpayments and to recoup overpayments for both Part A and Part B services. A Report to Congress is required six months after completion of the demonstration project. The report will contain analysis specific to the impact of the demonstration on Medicare savings and recommendations on extending or expanding the project.

**A. Background:** A demonstration project is being completed to evaluate the use of RACs in identifying Non Medicare Secondary Payer (MSP) underpayments and overpayments and the recovery of the identified overpayment.

This demonstration project is taking place in the states of California, Florida and New York. Only Fiscal Intermediaries, Carriers who service providers with originating addresses in these states and DMERCs and DME MACs who serve suppliers who serve beneficiaries whose primary residence is in one of these states are affected by this Change Request.

**B. Policy:** Affiliated contractors affected by the RACs shall ensure duplicate identification and recoveries do not occur by communicating with the RAC and the CMS Project Officer or delegate and by modifying current identification and recovery processes.

## II. BUSINESS REQUIREMENTS

*“Shall” denotes a mandatory requirement*

*“Should” denotes an optional requirement*

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers			Other	
						F I S S	M C S	V M S	C W F	
5226.1	ACs shall email the Central Office contact at <a href="mailto:cms.recoveryauditdemo@cms.hhs.gov">cms.recoveryauditdemo@cms.hhs.gov</a> for access to the RAC Database.	X		X	X					DME MACs

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
5226.2	ACs shall work with the RAC to develop a flexible communication process.	X		X	X					DME MACs
5226.2.1	ACs shall ensure that this process is reached by mutual agreement between the AC and the RAC.	X		X	X					DME MACs
5226.2.2	ACs shall ensure that the communication process is included in a Joint Operating Agreement.	X		X	X					DME MACs
5226.3	ACs shall create a Joint Operating Agreement (JOA) with each applicable RAC in their jurisdiction.	X		X	X					DME MACs
5226.3.1	ACs shall include, at a minimum, the following in the JOA: <ul style="list-style-type: none"> <li>- a process to communicate claims requiring adjustments;</li> <li>- a reasonable timeframe for the adjustment of the claims;</li> <li>- a process to communicate recoupments;</li> <li>- a process to communicate appeals; and</li> <li>- an inquiry process.</li> </ul>	X		X	X					DME MACs
5226.3.2	ACs shall include all requirements included in the Financial Management Manual, Chapter 4, Section 100 in the JOA.	X		X	X					DME MACs
5226.3.2.1	ACs may alter date specific requirements in the Financial Management Manual.	X		X	X					DME MACs



#### IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

**A. Other Instructions: N/A**

<b>X-Ref Requirement #</b>	<b>Instructions</b>

**B. Design Considerations: N/A**

<b>X-Ref Requirement #</b>	<b>Recommendation for Medicare System Requirements</b>

**C. Interfaces:** The AC shall be responsible for the interface with the RAC Database. The RAC Database will be an online database.

**D. Contractor Financial Reporting /Workload Impact:** The affiliated contractors shall ensure accurate financial reporting in the event they assume recoveries outside of the RACs scope of work. The affiliated contractors shall ensure all costs and workload counts associated with RAC interactions are accurately and completely reported with each supplemental budget request.

**E. Dependencies: N/A**

**F. Testing Considerations: N/A**

#### V. SCHEDULE, CONTACTS, AND FUNDING

<b>Effective Date:</b> September 11, 2006 <b>Implementation Date:</b> September 11, 2006 <b>Pre-Implementation Contact(s):</b> Connie Leonard, 410 786-0627 <b>Post-Implementation Contact(s):</b> Connie Leonard, 410 786-0627	<b>Funding for implementation activities will be provided to contractors through the regular budget process.</b>
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## 100.2 - AC/PSC Communication with the RACs

*(Rev.104, Issued: 08-11-06, Effective: 09-11-06, Implementation: 09-11-06)*

### A. RAC Staff

When ACs/full PSCs have questions regarding the RAC demonstration or their interaction with a RAC, they should contact the CMS Project Officer or his/her delegate.

### B. AC/full PSC RAC Points of Contact (POC)

The ACs shall provide the CMS Project Officer with the name, phone number, address, fax number, and e-mail address of a point of contact (POC) and an alternate POC. The point of contact or alternate will be responsible for all communications with the CMS Project Officer and/or RAC if necessary. The AC's POC will be contacted to handle overpayment issues such as offsets, status of overpayment collections, and referrals to the Department of Treasury and other questions involving the AC's suppression cases, provider address information, status of claim adjustments and status of appeals.

### C. Applications to Assist Communication

An online database has been developed to *track the Non-MSP overpayments identified by the RAC*. For access to the RAC Database, email the Central Office contact at [cmsRecoveryAuditDemo@cms.hhs.gov](mailto:cmsRecoveryAuditDemo@cms.hhs.gov).

### D. RAC/AC Communication

*The AC shall work with the RAC to develop a communication process. This process shall be flexible and shall be reached by mutual agreement. CMS has several items to assist in the communication efforts:*

- *RAC Database;*
- *Indicator code for RAC identified overpayments; and*
- *System generated flat file of all A/R transactions on a daily basis.*

*Additional communication efforts will be necessary because of the information necessary for various adjustments.*

**NOTE:** *Unless prior approval has been given by CMS, Personal Health Information (PHI) shall not be transferred over the internet, (this includes email).*

### E. Joint Operating Agreement (JOA)

*The AC shall develop a JOA with each RAC in their jurisdiction. The JOA shall be approved by the AC, by the RAC, and by CMS prior to its effective date. The JOA shall cover all requirements in Pub. 100-06, Chapter 4, §100, but may expand upon those requirements and may provide alternative time frames. The JOA shall include*

*communication processes and time frames for adjustments, recoupments, appeals and inquires.*

**F. Provider Names and Addresses**

The AC shall provide the *RAC* with a provider listing of all provider numbers, names and addresses. This listing shall be placed on a CD or DVD and shall be retrieved from the AC's internal system.

*On a bi-annual basis the AC shall update this listing to include any changes and/or new entries. The ACs shall provide an updated listing to the appropriate RAC contact no later than May 15 and November 15 of each calendar year. If the provider has more than one address, the AC shall ensure that the first address listed on the CD or DVD is the address most likely to contain the medical records or the record where the remittance advice is sent.*